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DE RUEHDM #0209 0871521
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P 271521Z MAR 08
FM AMEMBASSY DAMASCUS
TO RUEHC/SECSTATE WASHDC PRIORITY 4776
INFO RUEHAD/AMEMBASSY ABU DHABI PRIORITY 1406
RUEHAM/AMEMBASSY AMMAN PRIORITY 7268
RUEHAK/AMEMBASSY ANKARA PRIORITY 5502
RUEHGB/AMEMBASSY BAGHDAD PRIORITY 0815
RUEHLB/AMEMBASSY BEIRUT PRIORITY 4887
RUEHEG/AMEMBASSY CAIRO PRIORITY 3586
RUEHKU/AMEMBASSY KUWAIT PRIORITY 1313
RUEHMK/AMEMBASSY MANAMA PRIORITY 0659
RUEHRH/AMEMBASSY RIYADH PRIORITY 7962
RUEHTV/AMEMBASSY TEL AVIV PRIORITY 2124
RUEATRS/DEPT OF TREASURY WASHDC PRIORITY
RUCPDOG/DEPT OF COMMERCE WASHDC PRIORITY
RHEHNSC/NSC WASHDC PRIORITY
RUEAIIA/CIA WASHDC PRIORITY
RHEFDIA/DIA WASHDC PRIORITY

C O N F I D E N T I A L DAMASCUS 000209

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STATE FOR NEA/ELA; NSC FOR SINGH/GAVITO

E.O. 12958: DECL: 03/27/2018

TAGS: [ENRG](#) [EPET](#) [ETRD](#) [SY](#)

SUBJECT: SECOND GASOLINE PRICE HIKE IN FIVE MONTHS

REF: A. 07 DAMASCUS 1075

[1](#)B. 07 DAMASCUS 949

Classified By: Charge d'Affaires Michael Corbin for reasons 1.4(b,d)

[1](#)1. (SBU) At midnight on Friday, March 21, the SARG raised the price of gasoline from 36 SP/liter (USD 2.72/gal) to 40 SP/liter (USD 3.02/gal), an increase of 11 percent, throughout Syria. The last gasoline price increase occurred on November 1, 2007, when the SARG raised the price from 30 SP/liter (USD 2.27/gal) to 36 SP/liter, so the cumulative effect is a 33 percent increase in less than five months (ref A).

[1](#)2. (SBU) The timing of the price hike coincided with a long weekend to observe the national holidays of the Prophet's Birthday, Mother's Day and Easter. Consequently, Damascus streets were uncharacteristically empty over the weekend as many Syrians had either returned to family homes in the countryside or traveled abroad for the holiday. As Syria returned to work on Monday, March 24, however, the price increase dominated conversation.

[1](#)3. (SBU) Many Syrians believe that the latest gasoline price increase portends an imminent (and long-anticipated) increase in diesel prices (ref B), which will be reflected in higher prices for most goods and services. In local media, an unnamed SARG official attempted to ease public tensions this week by explaining that the eventual diesel price increase will be accompanied by a public sector salary increase, a reduction in annual registration fees for gasoline-powered vehicles, and the implementation of discounted diesel ration cards for poorer families. Since Monday, anecdotal reports indicate that long queues at gas stations have returned as patrons attempt to top-off diesel reservoirs before higher prices are implemented.

COMMENT

[1](#)4. (C) Historically, the SARG has raised fuel prices on May

¶1. With the early onset of warmer weather this year, the SARG may increase diesel prices sooner in order to provide consumers an adjustment period before the demand for diesel peaks in the hottest summer months. Power outages have already been observed in Damascus this week, and there is some expectation that they could become more frequent during the summer. When and if the diesel price rise occurs, the resulting increases in consumer prices will add to the already high levels of unhappiness in Syria.

CORBIN